

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF OHIO  
EASTERN DIVISION

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JAMES BONINI  
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U.S. DISTRICT COURT  
SOUTHERN DIST OHIO  
EAST DIV COLUMBUS

UNITED STATES OF AMERICA

VS.

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NO. **2:04 cr 1931**

15 U.S.C. § 77q(a)

15 U.S.C. § 77x

18 U.S.C. § 2

18 U.S.C. § 1956(h)

**JUDGE GRAHAM**

JOHN ALLEN SNOBLE

**INFORMATION**

THE UNITED STATES ATTORNEY CHARGES:

**COUNT 1**

1. From on or before June 1, 1994, and continuing thereafter up to and including July 24, 2002, in the Southern District of Ohio and elsewhere, JOHN ALLEN SNOBLE, the defendant, and other persons, whose identities are known and unknown to the United States but who are not named as defendants herein, did knowingly and willfully combine, conspire, confederate, and agree with each other and diverse persons, both known and unknown to the United States, to commit an offense defined in 18 U.S.C. § 1957, that is, did knowingly and unlawfully engage in at least one monetary transaction by, through, or to a financial institution involving criminally derived property of a value greater than \$10,000.00 that was the proceeds of criminal activity and that was derived from specified unlawful activity, to wit: fraud in the offer and sale of securities, in violation of 15 U.S.C. §§ 77q(a) and 77x and 18 U.S.C. § 2.

PARTIES TO THE CONSPIRACY, PERSONS AND ENTITIES

2. At all relevant times,

2-1. National Century Financial Enterprises, Inc., hereinafter referred to as NCFE, was an Ohio corporation, headquartered in Dublin, Ohio, that operated as a financial service holding company which, through its subsidiary corporations, purchased accounts receivable from hospitals, nursing homes, and other health care providers and medical concerns, hereinafter individually referenced without further identification as Seller.

2-2. JOHN ALLEN SNOBLE, the defendant, was employed by NCFE in two management positions, beginning in 1993 with the position of Chief Financial Officer and becoming Vice President/Controller in 1999.

2-3. NPF VI, Inc., hereinafter referred to as NPF VI, was an Ohio corporation and a wholly-owned subsidiary of NCFE. NPF VI was formed for the stated purpose of purchasing health care receivables and funding such purchases with proceeds from the offer and sale of securities, that is, health care receivables securitization program notes.

2-4. NPF XII, Inc., hereinafter referred to as NPF XII, was an Ohio corporation and a wholly-owned subsidiary of NCFE. NPF VIII, Inc. registered a name change to NPF XII, Inc. on February 22, 1999, and thereafter operated for the stated purpose of purchasing health care receivables and funding such purchases with proceeds from the offer and sale of securities, that is, health care receivables securitization program notes.

2-5. National Premier Financial Services, Inc., hereinafter referred to as NPFS, was an Ohio corporation and a wholly-owned subsidiary of NCFE that purportedly acted as an agent providing administrative services for the health care receivables purchased by NPF VI and NPF XII.

2-6. The Chase Manhattan Bank, and its successor entity also known at times pertinent to this Information as JP Morgan Chase Bank, was a financial institution that acted as a trustee for investors holding health care receivables securitization program notes issued by NPF VI, and maintained several accounts through which NPF VI conducted monetary transactions.

2-7. Bank One, NA, hereinafter referred to as Bank One, was a financial institution that acted as a trustee for investors holding health care receivables securitization program notes issued by NPF XII, and maintained several accounts through which NPF XII conducted monetary transactions.

2-8. Fitch IBCA, Inc., hereinafter referred to as Fitch, Duff & Phelps Credit Rating Co., hereinafter referred to as DCR, and Moody's Investor Service, Inc., hereinafter referred to as Moody's, were companies that each rated for investors one or more of the several series of health care receivables securitization program notes issued by NPF VI or NPF XII.

2-9. PaineWebber Incorporated, Credit Suisse First Boston Corporation, Deutsche Bank Securities, Inc., Banc One Capital Markets, Inc., and ING Barings Corporation were companies that acted as placement agents or initial purchasers for healthcare receivables securitization program notes issued by NPF VI and NPF XII.

2-10. Sherry L. Gibson, Brian J. Stucke, and several individuals, among others, identified respectively herein as Conspirator A, Conspirator B, Conspirator C, Conspirator F, Conspirator G, Conspirator H, and Conspirator I, were executives at and/or owners of NCFE.

2-11. Hausser + Taylor was a regional auditing firm engaged by NCFE to perform audits and agreed upon procedures.

2-12. Coopers & Lybrand, and its successor entity known as PricewaterhouseCoopers, was

a national auditing firm engaged by NCFE to perform audits and agreed upon procedures.

2-13. Deloitte & Touche LLP, hereinafter referred to as Deloitte & Touche, was a national auditing firm engaged by NCFE to perform audits.

2-14. THOR Capital Holdings, LLC was a company in which Conspirator A, Conspirator B, and Conspirator C had ownership interests.

2-15. Home Medical of America, Inc. was a company wholly-owned by THOR Capital Holdings, LLC.

2-16. At times pertinent to this Information, Nations Healthcare, Inc. and Chartwell Home Therapies, Inc. were companies in which Home Medical of America, Inc. had ownership interests.

2-17. At times pertinent to this Information, Chartwell Diversified Services, Inc. was a company in which THOR Capital Holdings had an ownership interest.

MANNER AND MEANS BY WHICH  
THE CONSPIRACY WAS CARRIED OUT

3. The manner and means by which the conspiracy was sought to be accomplished included, among others, the following:

3-1. Inclusion of untrue statements of material facts in reports, which statements were designed to and operated to deceive, mislead and defraud investors in the offer and sale of securities, that is, health care receivables securitization program notes issued by both NPF VI and NPF XII.

3-2. Creation of false and fraudulent documents relating to the financial condition of NCFE, and related parties and entities, which false and fraudulent documents were designed to deceive and mislead auditors and to defraud investors in the offer and sale of securities, that is, health care receivables securitization program notes.

3-3. Transfer of funds between and among bank accounts of NPF VI and NPF XII, to create the appearance that reserve accounts possessed required funds, which transfers were designed to deceive and mislead trustees and to defraud investors in the offer and sale of securities, that is, health care receivables securitization program notes.

3-4. Execution of a scheme and artifice to defraud in the offer and sale of securities, that is, health care receivables securitization program notes, by using proceeds from the offer and sale of such notes for purposes other than for financing purchases of health care receivables.

#### OVERT ACTS

4. In furtherance of the conspiracy, and to effect the objects thereof, at least one of the following overt acts, among others, was committed in the Southern District of Ohio:

4-1. On or about June 1, 1994, Conspirator B wrote a memorandum to Sherry L. Gibson and another employee of NCFE, not identified herein, which memorandum was copied to JOHN ALLEN SNOBLE, the defendant, in which Conspirator B stated, in pertinent part:

Back in September when we were reconciling our accounts receivable, I thought we had pretty much agreed when we have an over-fund situation we would create a class 95. The purpose would be to have it identified, so everyone is aware of the amount of overfunding and also we are aware of how it is being reduced. Recently, I have observed we have several other scenarios now whereby clients have been overfunded and we are not establishing a class 95 but are handling it through other methods. I would personally prefer a class 95 be established for any client that has an overfunding.

Please identify all clients who have an overfund situation and are not recorded as a class 95. I'd like to review those circumstances further with [Conspirator C] and [Conspirator A] to make observations and recommendations as need be.

4-2. On or about September 12, 1994, Conspirator B wrote a memorandum to JOHN ALLEN SNOBLE, the defendant, in which Conspirator B stated, in pertinent part:

Per our brief discussion last week, I would be very interested in seeing some type of a report regarding weekly client advances. As you know, advances may be recovered a number of ways. The deductions to weekly funding and the Class 94 or 95s are easily observed and reconciled. The advances that are handled in other ways are not so easily observed. Would you please give this some thought and let me know what type of reports you might prepare showing how these advances are being resolved.

4-3. On or about June 21, 1995, an investor report was prepared for NPF VI, Determination Date May 31, 1995, the first such report for NPF VI, which contained false financial information.

4-4. On or about August 3, 1995, JOHN ALLEN SNOBLE, the defendant, received a copy of a draft correspondence addressed to Conspirator A, Conspirator B, and Conspirator C, which provided, in pertinent part:

Based upon the discussions that John and I have had with [Conspirator A], [Conspirator C], [an unnamed attorney for NCFE] and Hausser + Taylor, NCFE must provide adequate documentation to support the difference between the general ledger receivables of \$280,000,000 and the detail system receivables of \$197,000,000 at December 31, 1994. The difference of \$83,000,000 must be reduced to an unsecured amount that Hausser + Taylor can accept. If we can not reduce the unsecured amount to an acceptable level, then there are four likely outcomes from Hausser + Taylor. The four likely outcomes are 1) Hausser + Taylor issues the report with very onerous footnotes; 2) a provision for loan losses, reducing equity is required; 3) Hausser + Taylor issues a qualified opinion on NCFE's financial statements; 4) Hausser + Taylor withdraws from the engagement.

Each of the four outcomes could result in the Trustee, on behalf of the investors, calling due the notes based on an event of default. The event of default would be the advance of moneys without the proper purchase of receivables. If the notes were to be called due, NCFE would be closed down.

4-5. On or before August 21, 1995, Sherry L. Gibson wrote Conspirator A that arbitrary numbers were included on an investor report for NPF VI. Conspirator A responded to Sherry L. Gibson with a handwritten: "OK."

4-6. On or before September 22, 1995, Sherry L. Gibson wrote Conspirator A and advised that certain numbers included on an investor report for NPF VI were arbitrary and not correct and other numbers were fabricated. Conspirator A responded to Sherry L. Gibson with a handwritten: "OK."

4-7. On or before October 23, 1995, Sherry L. Gibson advised Conspirator A that certain numbers to be included on an investor report for NPF VI were arbitrary and not correct. Conspirator A responded to Sherry L. Gibson with handwritten: "OK" and "OK with notes," which notes suggested a method for manipulating data.

4-8. On or about January 20, 1998, an employee of NCFE wrote a memorandum to JOHN ALLEN SNOBLE, the defendant, and Sherry L. Gibson, which memorandum was copied to Conspirator A, Conspirator B, Conspirator C, and several employees of NCFE, not identified herein, in which the writer confirmed both that NCFE had created a Special Location "99" in its accounting system for accounts receivable that were purchased but which were not eligible for its programs and that Special Location "99" numbers would be incorporated into monthly investor reports.

4-9. On or about May 26, 1998, Conspirator A, acting as President of NPF VI, as President of NCFE, and as President of NPFS, entered into a placement agency agreement with PaineWebber Incorporated regarding NPF VI, Inc. Healthcare Receivables Securitization Program Notes, Series 1998-1, which placement agency agreement provided, in pertinent part, that associated private placement memoranda contained all information material to an investor's decision to purchase NPF

VI Series 1998-1 program notes, and that the obligations of PaineWebber Incorporated under the agreement were conditioned upon receipt from DCR of letters rating NPF VI Series 1998-1, Class A Notes as "AAA" and Class B Notes as "AA-".

4-10. On or about June 1, 1998, Conspirator A, acting on behalf of NPF VI and of NPFS, entered into a master indenture with The Chase Manhattan Bank, as Trustee, regarding NPF VI, Inc. Healthcare Receivables Securitization Program Notes, in which master indenture NPFS made representations, among others, that no warranty or statement made or document provided in the master indenture or in related documents was untrue or incomplete in any material respect or contained any misrepresentation or omission of material fact, and that NPFS would provide the Trustee and DCR, Fitch, or other rating agencies with monthly investor reports.

4-11. On or about June 1, 1998, Conspirator A, acting as President of NPF VI and as President of NPFS, entered into a first supplemental indenture with The Chase Manhattan Bank, as Trustee, regarding NPF VI, Inc. Class A and Class B Series 1998-1 Healthcare Receivables Securitization Program Notes.

4-12. On or about June 1, 1998, Conspirator A, acting as President of NPF VI, executed an NPF VI Health Care Receivables Securitization Program Note, Class A Series 1998-1, in the principal sum of \$288,000,000, and an NPF VI Health Care Receivables Securitization Program Note, Class B Series 1998-1, in the principal sum of \$12,000,000.

4-13. On or about August 10, 1998, Conspirator A, acting as President of NPF VI, as President of NCFE, and as President of NPFS, entered into a placement agency agreement with Credit Suisse First Boston Corporation regarding NPF VI, Inc. Healthcare Receivables Securitization Program Notes, Series 1998-2, which placement agency agreement provided, in pertinent part, that



associated private placement memoranda contained all information material to an investor's decision to purchase NPF VI Series 1998-2 program notes, and that the obligations of Credit Suisse First Boston Corporation under the agreement were conditioned upon receipt from DCR of letters rating NPF VI Series 1998-2, Class A Notes as "AAA" and Class B Notes as "AA-".

4-14. On or about August 13, 1998, at 10:07 a.m., Sherry L. Gibson caused to be transmitted by facsimile from Dublin, Ohio to DCR in Chicago, Illinois, a copy of the NPF VI Investor Report for May, 1998, which contained false financial information.

4-15. On or about August 14, 1998, Conspirator A, acting as President of NPF VI and as President of NPFS, entered into a second supplemental indenture with The Chase Manhattan Bank, as Trustee, regarding NPF VI, Inc. Class A and Class B Series 1998-2 Healthcare Receivables Securitization Program Notes.

4-16. On or about August 14, 1998, Conspirator A, acting as President of NPF VI, executed an NPF VI Health Care Receivables Securitization Program Note, Class A Series 1998-2, in the principal sum of \$120,000,000, and an NPF VI Health Care Receivables Securitization Program Note, Class B Series 1998-2, in the principal sum of \$5,000,000.

4-17. On August 21, 1998, Sherry L. Gibson caused to be transmitted by facsimile from Dublin, Ohio to The Chase Manhattan Bank in New York, the NPF VI Investor Report for July, 1998, which contained false financial information.

4-18. On or about September 23, 1998, at 1:10 p.m., Sherry L. Gibson caused to be transmitted by facsimile from Dublin, Ohio to DCR in Chicago, Illinois, copies of the NPF VIII Investor Report for July, 1998, and the NPF VI Investor Report for August, 1998, which contained false financial information.

4-19. On or about September 23, 1998, at 1:19 p.m., Sherry L. Gibson caused to be transmitted by facsimile from Dublin, Ohio to The Chase Manhattan Bank in New York a copy of the NPF VI Investor Report for August, 1998, which contained false financial information.

4-20. On or about October 22, 1998, at 7:55 p.m., Sherry L. Gibson caused to be transmitted by facsimile from Dublin, Ohio to Fitch in New York, a copy of the NPF VI Investor Report for September, 1998, which contained false financial information.

4-21. On or about November 2, 1998, Conspirator A, acting as President of NPF VI, as President of NCFE, and as President of NPFS, entered into a placement agency agreement with Credit Suisse First Boston Corporation regarding NPF VI, Inc. Healthcare Receivables Securitization Program Notes, Series 1998-3, which placement agency agreement provided, in pertinent part, that associated private placement memoranda contained all information material to an investor's decision to purchase NPF VI Series 1998-3 program notes, and that the obligations of Credit Suisse First Boston Corporation under the agreement were conditioned upon receipt from DCR and Fitch of letters rating NPF VI Series 1998-3, Class A Notes as "AAA" and Class B Notes as "AA-".

4-22. On or about November 4, 1998, Conspirator A, acting as President of NPF VI and as President of NPFS, entered into a third supplemental indenture with The Chase Manhattan Bank, as Trustee, regarding NPF VI, Inc. Class A and Class B Series 1998-3 Healthcare Receivables Securitization Program Notes.

4-23. On or about November 4, 1998, Conspirator A, acting as President of NPF VI, executed an NPF VI Health Care Receivables Securitization Program Note, Class A Series 1998-3, in the principal sum of \$110,000,000, and an NPF VI Health Care Receivables Securitization Program Note, Class B Series 1998-3, in the principal sum of \$4,584,000.

4-24. On or about November 4, 1998, Conspirator A, acting as President of NPF VI and as President of NPFS, entered into a fourth supplemental indenture with The Chase Manhattan Bank, as Trustee, regarding NPF VI, Inc. Class A and Class B Series 1998-4 Healthcare Receivables Securitization Program Notes.

4-25. On or about November 4, 1998, Conspirator A, acting as President of NPF VI, executed an NPF VI Health Care Receivables Securitization Program Note, Class A Series 1998-4, in the principal sum of \$48,000,000, and an NPF VI Health Care Receivables Securitization Program Note, Class B Series 1998-4, in the principal sum of \$2,000,000.

4-26. On or about December 2, 1998, an employee of NCFE, not identified as a conspirator herein, sent an email message to Conspirator B, with copies to JOHN ALLEN SNOBLE, the defendant, and Conspirator A, which provided, in pertinent part:

I would like to meet with you to discuss strategies for presenting Location 99 A/R to the auditors. It would be optimal if we could provide the auditors with specific information as to what each Practice's Location 99 represents (Financial Class/Aging) and why we believe it to be collectable. In the event that Location 99 is deemed uncollectible, we will need to have a strategy in place for replacing that A/R with good A/R or reducing our exposure in some other manner. Please let me know when you would be available to discuss this.

On or about December 7, 1998, Conspirator B responded to the email message with a handwritten note and scheduled a meeting for December 15, 1998, at 2:00 p.m.

4-27. On January 27, 1999, JOHN ALLEN SNOBLE, the defendant, sent a memorandum to Conspirator A regarding a request for an advance of \$800,000.00 to Home Medical of America, Inc., which memorandum included the following hand-written note:

These funds are required for the \$800,000 Letter of Credit that is

necessary for GE Capital to transfer the HMA Lease on 300 vehicles.  
Funds will be placed in a CD-not spent.

I authorized this advance in your absence.

/s/ John Snoble

4-28. On January 27, 1999, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF VI, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$800,000.00 by NPF VI, Inc. from Home Medical of America, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$800,000.00 from an NPF VI Purchase Account at The Chase Manhattan Bank to an account of Home Medical of America, Inc. at Fleet Bank.

4-29. On or about February 11, 1999, Sherry L. Gibson sent a memorandum on paper watermarked "For Internal Use Only" to Conspirator B, with copies to Conspirator A, Conspirator C, and Brian J. Stucke, regarding random audit of investor reports. The memorandum provided, in pertinent part:

I know that the random audit is a necessary requirement for the securitization(s); however, due to our business practices, it takes several weeks of preparation before the audit can be scheduled. The preparation time is not due to gathering copies of reports, obtaining file copies, etc., the delay is due to the necessity of CREATING the backup that matches the investor report.

It has been necessary to modify/edit/change the original receivables data from the AS400 for investor reporting. Due to advances with no collateral and high volumes of defaulted, the amount of eligible receivables aged 0-180 days varies significantly from the Outstanding Purchase amount (the amount actually funded to our clients). This means that we are UNDERcollateralized in all portfolios and the investor report numbers are adjusted in order to meet the default triggers.

Therefore, whenever the investor reports are audited we have to create special reports that reflect the numbers reported which again differ significantly from the receivables activity actually posted and housed within the AS400.

4-30. On or about February 17, 1999, Sherry L. Gibson sent a memorandum to Conspirator B, in which she stated:

4. Status of NPF VI reserves is dismal. Seller Credit Reserve should be approximately \$38.8 million, actual balance is approximately \$10.6 million. Best estimate of the closing for NPF VI Series 1999-1 is March 31, 1999 -- this means problems with February 1999 investor reports due to continued pillage of reserves for funding. I have attached an example of a "compliance alert" that I plan to send -- OK?

4-31. On February 22, 1999, Conspirator B and Conspirator C caused to be filed in the Office of the Secretary of State of Ohio a Certificate of Amendment to Articles of Incorporation of NPF VIII, Inc., by which the name of the corporation was changed to NPF XII, Inc., thus creating NPF XII.

4-32. On or about March 10, 1999, Conspirator A, acting as President of both NPF XII and NPFS, entered into an agreement with Bank One, acting as Trustee, by executing a NPF XII Health Care Receivables Securitization Program Notes Master Indenture, in which master indenture NPFS made representations, among others, that no warranty or statement made or document provided in the master indenture or in related documents was untrue or incomplete in any material respect or contained any misrepresentation or omission of material fact, and that NPFS would provide the Trustee and DCR, Fitch, or other rating agencies with monthly investor reports.

4-33. On or about March 10, 1999, Conspirator A, acting as President of NPF XII, executed an NPF XII Health Care Receivables Securitization Program Note, Class A Series 1999-1, in the principal sum of \$96,000,000, and an NPF XII Health Care Receivables Securitization Program

Note, Class B Series 1999-1, in the principal sum of \$4,000,000.

4-34. On or about March 18, 1999, Conspirator A directed Sherry L. Gibson not to forward information on "advance funding" to PricewaterhouseCoopers.

4-35. On March 22, 1999, Sherry L. Gibson transmitted by facsimile to Conspirator A, at a location in Florida, and to Conspirator B, at a location in Arizona, a draft NPF VI Investor Report for February, 1999, and a memorandum, also copied to Conspirator C, that explained problems with the draft report, which problems were specifically described, in pertinent part, as:

4. The Specified Equity Account Balances are NOT in compliance. The actual balances are \$40,064,228 whereas the specified balance is calculated as \$56,788,096. (*see Section Six on page 3*)

The shortages in the Equity Account and the Seller Credit Reserve account are due primarily to using reserve dollars for funding throughout the month of February 1999 for special funding circumstances such as the release of the initial funding for [Seller] from reserves. The cash shortage in NPF VI can also be attributed to lack of cash collections on the [Seller] and [Seller] and the advance fundings for [Seller] and [Seller].

During our telephone conversation this morning, you requested that the investor report be modified to show "in transit" cash for the Equity account and the Seller Credit Reserve; you had also requested that the amount of purchases be decreased. If we add \$29,000,000 to the Seller Credit Reserve and \$14,000,000 to the Equity account along with a \$69,000,000 reduction to the new purchases for February 1999, we will be in compliance. I have attached the revised investor report for your review.

This report will not be forwarded to the Rating Agency or the Trustee until requested; I have counseled with [Conspirator F] and we believe this to be the most prudent action to take based on the pending closing of the NPF VI Series 1999-1 notes.

4-36. On or about March 26, 1999, Conspirator A, acting on behalf of NPF VI, NCFE, and NPFS, entered into a purchase agreement with Credit Suisse First Boston Corporation regarding NPF

VI, Inc. Healthcare Receivables Securitization Program Notes, Series 1999-1, which purchase agreement provided, in pertinent part, that associated private placement memoranda contained all information material to an investor's decision to purchase NPF VI Series 1999-1 program notes, and that the obligations of Credit Suisse First Boston Corporation under the agreement were conditioned upon receipt from DCR of letters rating NPF VI Series 1999-1, Class A Notes as "AAA" and Class B Notes as "AA-".

4-37. On or about March 26, 1999, Conspirator A, acting as President of NPF VI and as President of NPFS, entered into a fifth supplemental indenture with The Chase Manhattan Bank, as Trustee, regarding NPF VI, Inc. Class A and Class B Series 1999-1 Healthcare Receivables Securitization Program Notes.

4-38. On or about March 29, 1999, Conspirator A, acting as President of NPF VI, executed an NPF VI Health Care Receivables Securitization Program Note, Class A Series 1999-1, in the principal sum of \$172,800,000, and an NPF VI Health Care Receivables Securitization Program Note, Class B Series 1999-1, in the principal sum of \$7,200,000.

4-39. On or about April 7, 1999, Conspirator A wrote a letter to Fitch and offered an explanation for problems with the NPF VI Investor Reports for February and March. The explanation was not consistent with the memorandum written by Sherry L. Gibson on March 22, 1999.

4-40. On April 22, 1999, Sherry L. Gibson transmitted by facsimile to Bank One a copy of the Investor Report for NPF XII for March, 1999, the first such report for NPF XII, which contained false financial information.

4-41. On or about May 28, 1999, at 11:37 a.m., Sherry L. Gibson caused to be transmitted

by facsimile from Dublin, Ohio to Credit Suisse First Boston in New York, a copy of the NPF VI Investor Report for April, 1999, which contained false financial information.

4-42. On June 22, 1999, at 4:47 p.m., Brian J. Stucke caused to be transmitted by facsimile to Bank One a copy of the Investor Report for NPF XII for May, 1999, which contained false financial information.

4-43. On or about June 28, 1999, Conspirator A, acting as President of NPF XII, as President of NCFE, and as President of NPFS, entered into a placement agency agreement with Credit Suisse First Boston Corporation and PaineWebber Incorporated regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 1999-2, which placement agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series 1999-2 program notes, and that the obligations of Credit Suisse First Boston Corporation and PaineWebber Incorporated under the agreement were conditioned upon receipt from DCR of letters rating NPF XII Series 1999-2, Class A Notes as "AAA" and Class B Notes as "AA-".

4-44. On or about June 28, 1999, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a second supplemental indenture with Bank One, as Trustee, regarding NPF XII Class A and Class B Series 1999-2 Healthcare Receivables Securitization Program Notes.

4-45. On or about June 28, 1999, Conspirator A, acting as President of NPF XII, executed an NPF XII Health Care Receivables Securitization Program Note, Class A Series 1999-2, in the principal sum of \$336,000,000, and an NPF XII Health Care Receivables Securitization Program Note, Class B Series 1999-2, in the principal sum of \$14,000,000.



4-46. On or about July 15, 1999, Brian J. Stucke advised in a memorandum, on the subject of NPF Balances, to Conspirator A, Conspirator B, and Conspirator C that the accounts receivable balances for several NPF programs, including NPF VI and NPF XII, were short in required reserves and equity in an aggregate amount of \$19,000,000.00.

4-47. On or about July 15, 1999, Conspirator A replied to the July 15, 1999 memorandum from Brian J. Stucke, indicating, "We will correct after NPF LP is funded on or about June 22, 1999. We are on top of this as is [Conspirator G] and JOHN ALLEN SNOBLE." The reply was copied to Conspirator B, Conspirator C, and Sherry L. Gibson.

4-48. On or about July 16, 1999, Brian Stucke sent an email message to JOHN ALLEN SNOBLE, the defendant, Sherry L. Gibson, Conspirator G, and two employees of NCFE who are not identified as conspirators herein, in which email message Brian Stucke stated:

This morning, [Conspirator A] called to instruct me to wire \$4.0 million to [Seller]. This is to be accomplished with the following wires:

1. Wire (advance) \$2.0 million out of NPF-X
2. Wire (advance) \$2.0 million out of the portfolios as an advance on future Reserve Overages.

[Conspirator A] stated that both wires will be repaid with the \$4.0 million lease (Brea Communication Center) that [Conspirator I] is preparing. [Conspirator A] said that [Conspirator C] is standing by to sign all advance requests.

Brian

4-49. On or about July 16, 1999, Conspirator C approved, and caused to be transferred by wire, an advance to a Seller in the amount of \$4.0 million, \$2.0 million of which was transferred from an NPF VI purchase account maintained at The Chase Manhattan Bank. Conspirator C's written approval of the advance was copied to JOHN ALLEN SNOBLE, the defendant, Sherry

Gibson, Conspirator A, Conspirator B, and an employee of NCFE who is not identified as a conspirator herein.

4-50. On or about July 22, 1999, Sherry L. Gibson caused to be prepared an investor report for NPF VI, Determination Date June 30, 1999, which contained false financial information. The report was kept in a file folder labeled, "NPF VI June 1999 Random Sampling/AUP." The front inside cover of the folder contained the words "FILE COPY = Given to the Auditors" and "CONFIDENTIAL = for internal use only NOT distributed." A spreadsheet maintained in the file folder detailed the false entries made to the June 1999 cash activity report and was stamped "CONFIDENTIAL." On this spreadsheet the handwritten note specified, "These sellers were removed from the June cash activity report for audit purposes." The cash activity report served as a basis for some of the dollar amounts reported in the investor reports.

4-51. On or about July 26, 1999, Brian J. Stucke wrote a confidential memorandum to Conspirator A, Conspirator B, and Conspirator C, with copies to JOHN ALLEN SNOBLE, the defendant, Conspirator G, and Sherry L. Gibson, which memorandum provided, in pertinent part:

Attached please find the status of the A/R portfolios as of July 23, 1999.

As of now, we plan to wire funds from NPF VI to NPF XII to fill the shortfall in NPF XII. This will be a partial reversal of last month's transfer from NPF XII to NPF VI.

4-52. On or about August 20, 1999, Brian J. Stucke caused to be prepared an investor report for NPF VI, Determination Date July 31, 1999, which contained false financial information. Brian J. Stucke maintained, as business records of NPF VI, a file copy of the false investor report captioned "NPF VI - Reported," that stated false financial information and a file copy of an investor report captioned "NPF VI - Actual" that stated accurate financial information for NPF VI.

4-53. On or about August 20, 1999, Brian J. Stucke caused to be transmitted by facsimile to Fitch in New York copies of the Investor Report for NPF VI for July, 1999, which contained false financial information.

4-54. On or about August 29, 1999, Conspirator B transmitted a memorandum to Brian J. Stucke that provided, in pertinent part:

“VERY CONFIDENTIAL”

GREETINGS FROM HAWAII!

PLEASE GIVE ME SOME TYPE OF REVIEW ON A MONTHLY BASIS OF THE SPECIFIC PROBLEMS YOU'RE HAVING WITH THE INVESTOR REPORT. OBVIOUSLY MAKE IT CONFIDENTIAL ----- I WOULD LIKE TO GET AS MANY OF THESE PROBLEMS CLEANED UP AT THE “SOURCE” AND NOT ALLOW THEM TO CONTINUE MONTH AFTER MONTH. - - - BUT I NEED TO KNOW MORE OF WHAT THEY ARE. SPECIFICALLY, WHAT ARE YOU HAVING TO CHANGE BEFORE THE REPORT GOES OUT THE DOOR?

4-55. On or about September 8, 1999, Brian J. Stucke sent a memorandum to Conspirator B, with copies to Sherry L. Gibson and two employees of NCFE, not identified herein, to which Brian J. Stucke attached “Actual” and “Reported” versions of the July, 1999 NPF VI investor report, and in which Brian J. Stucke provided a synopsis of the changes made to the “Reported” investor report.

4-56. On or about October 6, 1999, Conspirator B wrote a memorandum to the CEO of a Seller, in which Conspirator B confirmed that NCFE continued to advance funds to the Seller, even though the Seller did not have accounts receivable to support the advances.

4-57. On or about October 15, 1999, Brian J. Stucke wrote a confidential memorandum to Conspirator A, Conspirator B, Conspirator C, JOHN ALLEN SNOBLE, Conspirator G, and two

employees of NCFE, not identified herein, in which Brian J. Stucke advised: (1) certain reserve accounts of NPF XII were collectively short by \$13,882,456.00 on September 30, 1999; (2) the September, 1999 Investor Report for NPF XII would show an event of default; and, (3) as of October 15, 1999, the cash position of accounts receivable portfolios were deficient by \$43,776,972.00.

4-58. On or about October 19, 1999, Conspirator A sent a memorandum to Conspirator B, Conspirator C, Brian J. Stucke, Conspirator G, Sherry L. Gibson, and an employee of NCFE, not identified herein, in which Conspirator A stated, in pertinent part:

As a follow up to [Brian J. Stucke]'s memo, I did meet with [an employee of NCFE] to review with her the kinds of things that we need to do before the end of the month to insure our Investor reports are O.K. The September problem has been handled by adjusting downward the accounts receivable, and we will be within compliance on our reporting area. Any of you who wish to review that methodology with me on an individual basis may do so.

On a go-forward basis, it is no secret that we have three problem areas that are contributing to our fall for the month. This is not a circumstance in which none of us are not aware of the problem. All of us are doing actions which should lend appreciable support to correcting these problems during the course of the month. The purpose of this memorandum is just reviewing briefly the actions steps that each of us individually have taken which hopefully in concert will end up with the desired result. . . .

In addition to these activities we are pulling out all stops to monetize NCFE corporate cash as a result of book X transactions. [Conspirator I and an employee of NCFE] have been following this project. Under their tutelage, they anticipate before October 31<sup>st</sup> to net \$5.9 million from the sale of Notes to Provident and Huntington existing lines. This will be in addition to those funds that we would receive during the month. There's a lot of containerized information within this memorandum, should anyone have any questions, please feel free to call. On this subject, let's keep the memo's to a minimum.

4-59. On or about October 25, 1999, Brian J. Stucke sent a confidential memorandum to Conspirator A, with copies to Conspirator B, Conspirator C, JOHN ALLEN SNOBLE, the

defendant, Conspirator G, and Sherry L. Gibson, in which Brian J. Stucke advised the NPF portfolios, including NPF VI and NPF XII, were short by a total of \$55,164,209.00.

4-60. On or about October 25, 1999, Conspirator B sent an interoffice memorandum to an employee of NCFE, not identified herein, by which Conspirator B instructed that any additional ineligible accounts receivable were to be booked in Location 99.

4-61. On or about October 26, 1999, Brian J. Stucke sent a confidential memorandum to Conspirator A, with copies to Conspirator B, Conspirator C, JOHN ALLEN SNOBLE, the defendant, Conspirator G, and Sherry L. Gibson, which provided, in pertinent part:

In an effort to meet the compliance requirements in the A/R portfolios despite a considerable cash shortage projected at month end October, 1999, I have calculated the *minimum* cash required in the portfolios to avoid an event of default, which would result in early amortizations of the portfolio(s). Events of default include failing the Equity Requirement or the Collateral Coverage Test. Reporting the Credit and Offset Reserve balances below their required percentages is not an event of default. Therefore, the balances in these reserves have been reduced to the amount needed to meet the collateral coverage test only. *Calculated at this level, the shortage is reduced from \$51,500,00 to \$36,200,000.*

One of the following options may be used to remedy this situation:

1. On Thursday, October 28, 1999, NCFE will meet the minimum compliance requirements in NPF VI and NPF XI, for which the Trustee is Chase Manhattan, by wiring approximately \$36,000,000 from NPF XII to NPF VI and NPF XI. . . . The cut off for investor reporting for October, 1999, in NPF VI and NPF XI (Chase Manhattan) will then be October 28, 1999 instead of October 29, 1999.

On Friday, October 29, 1999, NCFE will wire the \$36,000,000 from NPF VI and NPF XI back to NPF XII. It will also be necessary to wire approximately \$5,800,000 from NPF WL to NPF XII and \$1,100,000 from NPF WL to NPF LP on that day. The cut off for investor reporting of October, 1999, in NPF XII, NPF LP and NPF WL will then be the regular date of October 29, 1999. These three

portfolios are managed by the same Trustee, Bank One.

This option is probably the best one, although there is a concern that the Trustee(s) will question such a large amount of cash leaving/coming in to the portfolio(s).

2. The majority of the problem (\$34,000,000) is in NPF VI. NCFE allows NPF VI to remain noncompliant in anticipation of one or more of the following: 1) a new series in NPF VI anticipated later in November; 2) funds from sources outside the a/r portfolios. . . All other portfolios would meet minimum compliance requirements through intercompany wires much as described in Option 1; however, the amount of cash that would need to be moved would be considerably less and it is doubtful that the Trustee would question it. The fact that NPF VI would technically be in default as of October 29, 1999 would have to be addressed in some manner with the investors/trustees.

4-62. On or about October 27, 1999, Brian J. Stucke sent a memorandum to Conspirator A and Conspirator G, with copies to Conspirator B, Conspirator C, JOHN ALLEN SNOBLE, the defendant, and Sherry L. Gibson, which referenced Brian J. Stucke's confidential memorandum of October 26, 1999, and which stated, in pertinent part: "DUE TO THE MAGNITUDE AND NATURE OF THE PROBLEM, WE WILL NOT TAKE ANY FURTHER ACTION REGARDING MONTH END UNTIL WE RECEIVE SPECIFIC INSTRUCTIONS."

4-63. On or about October 28, 1999, Brian J. Stucke sent a memorandum to Conspirator A, Conspirator B, and Conspirator C with copies to JOHN ALLEN SNOBLE, the defendant, Conspirator G and Sherry L. Gibson, and stated: "After conversations with [Conspirator A] and [Conspirator G], Compliance has been instructed to hold over the month end tests through Monday, November 1, 1999. This means that we need to abstain from future advances until at least Tuesday, November, 2, 1999."

4-64. On or about November 15, 1999, Brian J. Stucke sent a memorandum to Sherry L.

Gibson, with copies to Conspirator A, Conspirator B, Conspirator C, JOHN ALLEN SNOBLE, the defendant, Conspirator F, and Conspirator G, which provided, in pertinent part:

Currently, across all NPF funding programs, the reserve and equity balances are deficient by over \$100 million. The funds required to meet all the test equals \$286 million while the sum of funds available as of November 15, 1999, is \$185 million.

The proposed solution for the cash shortfall is the \$200 million Series 1999-3 securitization scheduled to close in NPF XII, Inc. during November 1999. However, it needs to be noted that this solution will be a short-term at best. With the increased reserve requirements associated with Series 1999-3 plus with the projected initial fundings and advances, all of the \$200 million will be used by the end of November 1999. Listed below is the scheduled use of the \$200 million.

\$72,000,000	-Shortage in NPF VI reserves and equity
24,000,000	-Shortage in NPF XII reserves and equity
5,000,000	-Shortage in NPF XI reserves and equity
34,000,000	-Additional reserves required for NPF XII 1999-3
50,000,000	-Initial Fundings
<u>15,000,000</u>	-November advances and trustee fees
\$200,000,000	

4-65. On or about November 22, 1999, Brian J. Stucke caused to be transmitted by facsimile to The Chase Manhattan Bank in New York and to Fitch in New York copies of the Investor Report for NPF VI for October, 1999, which had previously been signed by Conspirator A and contained false financial information.

4-66. On or about November 24, 1999, Conspirator A, acting as President of NPF XII, as President of NCFE, and as President of NPFS, entered into a placement agency agreement with PaineWebber Incorporated regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 1999-3, which placement agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series

1999-3 program notes, and that the obligations of PaineWebber Incorporated under the agreement were conditioned upon receipt from DCR of letters rating NPF XII Series 1999-3, Class A Notes as “AAA” and Class B Notes as “AA-”.

4-67. On or about November 24, 1999, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a third supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 1999-3 Healthcare Receivables Securitization Program Notes.

4-68. On or about December 13, 1999, Conspirator A sent a memorandum to Conspirator B, JOHN ALLEN SNOBLE, the defendant, Brian J. Stucke, Conspirator G, Sherry L. Gibson, and several employees of NCFE, not identified herein, in which Conspirator A outlined a new coding procedure for internal tracking of advances made to clients while NCFE waited for collateral to support the advances, and in which Conspirator A explicitly stated: “This category should not be confused with proforma funding, nor should it have the same account number.”

4-69. On or about January 17, 2000, Brian J. Stucke sent a memorandum to Sherry L. Gibson, with copies to Conspirator A, JOHN ALLEN SNOBLE, the defendant, Conspirator F and Conspirator G, in which Brian J. Stucke advised reserve and equity accounts across NPF Funding Programs were collectively deficient by more than \$31 million.

4-70. On or about January 27, 2000, Conspirator A wrote a letter regarding NCFE’s annual audits and its intent to complete an initial public offering of common stock to an account executive at Bank One concerning its role as Trustee for NPF XII, in which letter Conspirator A stated, in pertinent part, “Advances made to clients not supported by Receivables are not permitted.”

4-71. On or about January 27, 2000, Brian J. Stucke sent a memorandum to Conspirator



A, Conspirator B, and Conspirator C, with copies to JOHN ALLEN SNOBLE, the defendant, Conspirator F, Conspirator G, and Sherry L. Gibson, in which Brian J. Stucke stated:

As of January 26, 2000, the NPF Funding Programs are deficient of cash reserves by over \$40 million. In order to pass the collateral, reserve and equity tests in each Funding Program, the testing will be held on two separate days for Monthend January 2000. For NPF VI and NPF XI, the accounts will be tested on January 31, 2000. Then, on February 1, 2000, the accounts will be tested for NPF XII, NPF WL, and NPF LP. This will allow NCFE to shift the necessary cash between Funding Programs. Therefore, is it important to stop advancing cash until February 2, 2000.

4-72. On or about January 31, 2000, Conspirator B sent a memorandum to Conspirator A and Conspirator C, in which Conspirator B advised, in pertinent part, "Right now, it looks like we are at least \$100M off from the A/R [accounts receivable] booked, the collateral and the outstanding."

4-73. On or about February 23, 2000, Brian J. Stucke sent a memorandum to Conspirator A, Conspirator B, and Conspirator C, with copies to JOHN ALLEN SNOBLE, the defendant, Conspirator F, Conspirator G, and Sherry L. Gibson, which provided in pertinent part:

As of February 22, 2000, the Funding Programs are collectively short by over \$72 million. Additionally, it is now evident that the NPF XII Series 2000-01 \$100 million notes will not fund before the end of February. Taking these two issues into account and the fact that the programs are losing about \$11.0 million a week; the programs will be short by \$85 to 90 million by the end of February.

In recent months, NCFE has cured the shortages by wiring funds between the Chase programs (NPF VI and XI) and the Bank One programs (NPF XII, LP and WL) and testing the requirements on different days. Previously, the maximum amount needed to cure the shortages has not exceeded \$45 million; this month will require more than double that amount. It concerns me that the Trustees may question these large wires. They already questioned the accuracy of the lesser wires during the previous months. I would appreciate any thoughts or feedback concerning this issue.

On a related topic, after the interest, trustee fees, and NCFE's income are withdrawn from the Funding Programs during the first week of March, they will be short by over \$100 million. Would it be possible to increase the NPF XII Series 2000-01 to \$150 or \$200 million to offset the advances that will be made in March and the months ahead?

4-74. On or about March 25, 2000, Conspirator A, acting as President of NPF XII, as President of NCFE, and as President of NPFS, entered into a placement agency agreement with Deutsche Bank Securities, Inc. and Credit Suisse First Boston Corporation regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 2000-1, which placement agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series 2000-1 program notes, and that the obligations of Deutsche Bank Securities, Inc. and Credit Suisse First Boston Corporation under the agreement were conditioned upon receipt from DCR of letters rating NPF XII Series 2000-1, Class A Notes as "AAA" and Class B Notes as "AA-".

4-75. On or about March 30, 2000, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a fourth supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 2000-1 Healthcare Receivables Securitization Program Notes.

4-76. On or about March 30, 2000, Conspirator A, acting as President of NPF XII, executed an NPF XII Health Care Receivables Securitization Program Note, Class A Series 2000-1, in the principal sum of \$120,000,000, and an NPF XII Health Care Receivables Securitization Program Note, Class B Series 2000-1, in the principal sum of \$5,000,000.

4-77. On or about May 31, 2000, Brian J. Stucke sent a memorandum to Sherry L. Gibson, which listed as its subject: "WE ARE OUT OF MONEY," and in which memorandum Brian J.

Stucke stated:

On June 1, 2000, after NCFE pays the monthly interest, trustee fees and withdraws income from the Funding Programs; there will be a total of \$230 million left in the Funding Programs which is over \$113 million short. Even with splitting the month end tests on the first and last business days of the month, a minimum of \$190 million is needed to pass the tests. Based on last few months, the programs collectively fund \$50 million more than they collect. With this trend holding true, we will not have enough cash in the trust accounts to pass the June month end Compliance test. Please advise?

4-78. On or about June 29, 2000, Conspirator A and Conspirator G signed and caused to be delivered to Deloitte & Touche a letter provided in connection with an audit, in which Conspirator A and Conspirator G stated, in pertinent part, "There have been no fraud involving management or employees who have significant roles in the internal control."

4-79. On or about August 4, 2000, Conspirator B wrote a memorandum to Conspirator G, which was copied to Conspirator A, Conspirator C, Conspirator H, and an employee of NCFE who is not named as a conspirator herein, and which provided, in pertinent part:

It recently came to my attention that you were verbally authorizing advances through [an employee of NCFE] for those clients that you are working closely with. We have a company policy that requires a signature before any advances are processed. It puts [an employee of NCFE] in an awkward position when you bypass that procedure.

I also understand that [Conspirator A] wrote [an employee of NCFE] a note authorizing you to authorize advances; however, they must be in writing and follow the procedure that has been previously established. I don't believe [Conspirator A] intended your advance request to not be in writing. If he did, I think it should have been discussed at the executive committee because that is how [Conspirator C] and I handle advances as well.

4-80. On or about October 3, 2000, an employee of NCFE, who is not identified as a conspirator herein, confirmed in an email message to JOHN ALLEN SNOBLE, the defendant, that

JOHN ALLEN SNOBLE, the defendant, had promised Huntington National Bank that NCFE would cover overdrafts of a Seller in the amount of \$1,927,000.00.

4-81. On or about October 3, 2000, Conspirator C approved, and caused to be transferred by wire, an advance to a Seller in the amount of \$1,927,000.00 from an NPF XII purchase account maintained at Bank One. Conspirator C's written approval of the advance was copied to JOHN ALLEN SNOBLE, the defendant, Sherry Gibson, Brian Stucke, Conspirator A, Conspirator B, Conspirator G, Conspirator H, and employees of NCFE who are not identified as conspirators herein, and stated that recovery of the advance would be determined later that week by Conspirator H, Conspirator B, and Conspirator F.

4-82. On or about October 3, 2000, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF XII, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$1,927,000.00 by NPF XII, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$1,927,000.00 from an NPF XII Purchase Account at Bank One to an account in the name of a Seller at Huntington National Bank.

4-83. On or about October 5, 2000, JOHN ALLEN SNOBLE, the defendant, wrote a memorandum to Conspirator A, which provided, in pertinent part:

Please be advised that the weekly NPF VI, Inc. Collateral Coverage Reports, as required by the NPF VI, Inc. Master Indenture Exhibit 7, have not been issued since June 9, 2000. These reports have not been issued due to the severe deficiency in the cash balances. Since the cash balances are part of the collateral coverage calculation, NCFE has failed to meet the 111.00% requirement.

Chase Manhattan Bank has repeatedly requested copies of these reports. How should we proceed?

4-84. On or about October 13, 2000, Conspirator A, acting on behalf of NPF XII, NCFE, and NPFS, entered into a purchase and agency agreement with Credit Suisse First Boston Corporation and Banc One Capital Markets, Inc. regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 2000-2, which purchase and agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series 2000-2 program notes, and that the obligations of Credit Suisse First Boston Corporation and Banc One Capital Markets, Inc. under the agreement were conditioned upon receipt from rating agencies of letters rating NPF XII Series 2000-2, Class A Notes as "AAA" and "Aaa" and Class B Notes as "AA-" and "Aa3".

4-85. On or about October 17, 2000, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a fifth supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 2000-2 Healthcare Receivables Securitization Program Notes.

4-86. On or about October 17, 2000, Conspirator A, acting as President of NPF XII, executed an NPF XII Health Care Receivables Securitization Program Note, Class A Series 2000-2, in the principal sum of \$264,000,000, and an NPF XII Health Care Receivables Securitization Program Note, Class B Series 2000-2, in the principal sum of \$11,000,000.

4-87. On or about December 22, 2000, Conspirator A, acting as President of NPF XII, as Chairman of NCFE, and as Sole Director of NPFS, entered into a purchase agreement with Credit Suisse First Boston Corporation regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 2000-3, which purchase agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series

2000-3 program notes, and that the obligations of Credit Suisse First Boston Corporation under the agreement were conditioned upon receipt from Moody's of letters rating NPF XII Series 2000-3, Class A Notes as "Aaa" and Class B Notes as "Aa3".

4-88. On or about December 22, 2000, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a sixth supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 2000-3 Healthcare Receivables Securitization Program Notes.

4-89. On or about December 22, 2000, Conspirator A, acting as President of NPF XII, executed an NPF XII Health Care Receivables Securitization Program Note, Class A Series 2000-3, in the principal sum of \$144,000,000, and an NPF XII Health Care Receivables Securitization Program Note, Class B Series 2000-3, in the principal sum of \$6,000,000.

4-90. On or about March 20, 2001, Conspirator A, acting as President of NPF XII, as Chairman of NCFE, and as President of NPFS, entered into a purchase and agency agreement with Credit Suisse First Boston Corporation and Banc One Capital Markets, Inc. regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 2001-1, which purchase and agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series 2001-1 program notes, and that the obligations of Credit Suisse First Boston Corporation and Banc One Capital Markets, Inc. under the agreement were conditioned upon receipt from rating agencies of letters rating NPF XII Series 2001-1, Class A Notes as "AAA" and "Aaa" and Class B Notes as "AA-" and "Aa3".

4-91. On or about March 21, 2001, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a eighth supplemental indenture with Bank One, as Trustee,

regarding NPF XII, Inc. Class A and Class B Series 2001-1 Healthcare Receivables Securitization Program Notes.

4-92. On or about March 21, 2001, Conspirator A, acting as President of NPF XII, executed an NPF XII Health Care Receivables Securitization Program Note, Class A Series 2001-1, in the principal sum of \$288,000,000, and an NPF XII Health Care Receivables Securitization Program Note, Class B Series 2001-1, in the principal sum of \$12,000,000.

4-93. On or about May 29, 2001, Conspirator G received a facsimile transmission from an individual at Home Medical of America, which facsimile transmission provided instructions for wiring \$7.75 million for a settlement of a lawsuit brought by Bergen Brunswick Drug Company against several corporations, including, among others, Home Medical of America, Inc., Nations Health Care, Inc., and Chartwell Home Therapies, LLC.

4-94. On or about June 4, 2001, Conspirator G received a facsimile transmission from an individual at Home Medical of America, which facsimile transmission informed Conspirator G that,

“I have been ordered today by the federal court judge that the wire must be received today. Our attorney was instructed to notify the federal court judge today when the wire has been initiated today and our lawyers are then required to notify the judge that the wire has been sent today (emphasis by Judge [X], Federal Court Judge).”

4-95. On June 4, 2001, Conspirator G sent a memorandum on the stated subject Settlement-Bergen Brunswick Drug to Conspirator A, which memorandum stated:

With your approval, I will set up wire transfers this afternoon for tomorrow morning to satisfy the settlement with Bergen. Total amount is \$7.75 million. Of this amount \$3 million (\$1.5 million each) will be advanced to Chartwell and Lifecare and \$4.75 from HMA.

On the same day, Conspirator A approved in writing the wire transfers.

4-96. On June 4, 2001, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF VI, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$3,255,434.20 from Chartwell Diversified Services, Inc., in the amount of \$1,500,000.00 from LifeCare Solutions, West, Inc., and in the amount of \$4,750,000.00 from Home Medical of America, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire from an NPF VI Purchase Account at The Chase Manhattan Bank to Chartwell Diversified Services, Inc., LifeCare Solutions, West, Inc., and Home Medical of America, Inc., \$7.75 million to satisfy the settlement of the lawsuit brought by Bergen Brunswig Drug Company.

4-97. On or about June 21, 2001, Conspirator A, acting as President of NPF XII, as President of NCFE, and as President of NPFS, entered into a purchase and agency agreement with Credit Suisse First Boston Corporation and Banc One Capital Markets, Inc. regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 2001-2, which purchase and agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series 2001-2 program notes, and that the obligations of Credit Suisse First Boston Corporation and Banc One Capital Markets, Inc. under the agreement were conditioned upon receipt from rating agencies of letters rating NPF XII Series 2001-2, Class A Notes as "AAA" and "Aaa" and Class B Notes as "AA-" and "Aa3".

4-98. On or about June 26, 2001, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a ninth supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 2001-2 Healthcare Receivables Securitization Program Notes.



4-99. On or about June 26, 2001, Conspirator A, acting as President of NPF XII, executed an NPF XII Health Care Receivables Securitization Program Note, Class A Series 2001-2, in the principal sum of \$240,000,000, and an NPF XII Health Care Receivables Securitization Program Note, Class B Series 2001-2, in the principal sum of \$10,000,000.

4-100. On or about July 8, 2001, Sherry L. Gibson sent a memorandum to Conspirator A, with copies to JOHN ALLEN SNOBLE, the defendant, and an employee of NCFE, not identified herein, regarding a request from Fitch for certain financial data, in which memorandum Sherry L. Gibson stated, in pertinent part, "To say we have been non-compliant in the past is probably not what Fitch wants to hear— and I do not know how this responds to their data request of July 3, 2001."

4-101. On or about August 29, 2001, Sherry L. Gibson sent a confidential memorandum to Conspirator A regarding NPF XII Series 2001-3, which provided:

As you may expect, we are having problems generating the pool statistics for the new series in NPF XII. Here's the problem:

1. To pass the collateral coverage test in NPF XII, we have been adding receivables to the calculation in the investor report. The dollar amounts in the reserve accounts are fixed, so without cash, the only other way to pass the test is additional receivables.
2. Due to the continual shortage of cash in the reserves, the investor reports, therefore, have OVERSTATED the receivables compared to the actual balances in the AS400 and/or funding systems.
3. The static pool information roughly matches the investor report data for the last eighteen (18) month period. We attempt to have the static pool data reflect each monthly receivables balance in the investor report.

OK, so now we have a reported receivables balance we have to match in the static pool data. While the actual balances in NPF XII are closer to \$1.489 billion, the receivables balance in the current investor report for NPF XII is \$2,000,382,873. This means we have to add receivables on a Seller-by Seller basis in the static pool in

order to match the current investor report for NPF XII.

After some work, we have added receivables in a somewhat arbitrary fashion to the current Sellers in NPF XII - and we have a total receivables balance of \$1,916,636,111. We are still short approximately \$84,000,000.

One of the attached reports provides the Sellers with their *reported* and *actual* balances. The second report lists the Sellers that have funded (using the last series funds).

Until we can distribute the receivables across all Sellers, we cannot complete the static pool data for NPF XII Series 2001-3.

Any ideas? Please advise.

4-102. On or about the period October 31, 2001 through November 1, 2001, Sherry L. Gibson directed an employee of NCFE, not named herein, to prepare wire instructions for month end reserve transfers between bank accounts for NPF VI and NPF XII.

4-103. On November 1, 2001, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF VI, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$152,052,003.00 by NPF VI, Inc. from NPF XII, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$152,052,003.00 from an NPF VI Purchase Account at JP Morgan Chase Bank to an NPF XII Collection Account at Bank One.

4-104. On November 2, 2001, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF XII, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$139,876,544.02 by NPF XII, Inc. from NPF VI, Inc., and by such deceit JOHN ALLEN

SNOBLE, the defendant, fraudulently caused to be transferred by wire \$139,876,544.02 from an NPF XII Purchase Account at Bank One to an NPF VI Collection Account at JP Morgan Chase Bank.

4-105. On or about November 2, 2001, Conspirator A, acting as President of NPF XII, as Chairman of NCFE, and as President of NPFS, entered into a purchase and agency agreement with Credit Suisse First Boston Corporation regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 2001-3, which purchase and agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series 2001-3 program notes, and that the obligations of Credit Suisse First Boston Corporation under the agreement were conditioned upon receipt from Moody's of letters rating NPF XII Series 2001-3, Class A Notes as "Aaa" and Class B Notes as "Aa3".

4-106. On or about November 2, 2001, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a tenth supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 2001-3 Healthcare Receivables Securitization Program Notes.

4-107. On or about November 20, 2001, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into an eleventh supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 2001-4 Healthcare Receivables Securitization Program Notes.

4-108. On or about November 30, 2001, Sherry L. Gibson directed an employee of NCFE, not identified herein, to prepare wire instructions for month end reserve transfers between bank accounts for NPF VI and NPF XII.

4-109. On November 30, 2001, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF XII, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$17,812,004.50 by NPF XII, Inc. from NPF VI, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$17,812,004.50 from an NPF XII Purchase Account at Bank One to an NPF VI Collection Account at JP Morgan Chase Bank.

4-110. On December 3, 2001, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF VI, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$121,499,220.02 by NPF VI, Inc. from NPF XII, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$121,499,220.02 from an NPF VI Purchase Account at JP Morgan Chase Bank to an NPF XII Collection Account at Bank One.

4-111. On or about December 28, 2001, Sherry L. Gibson directed an employee of NCFE to prepare wire instructions for month end reserve transfers between bank accounts for NPF VI and NPF XII.

4-112. On December 31, 2001, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF XII, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$115,075,036.00 by NPF XII, Inc. from NPF VI, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$115,075,036.00

from an NPF XII Purchase Account at Bank One to an NPF VI Collection Account at JP Morgan Chase Bank.

4-113. On or about January 2, 2002, Sherry L. Gibson directed an employee of NCFE, not identified herein, to prepare wire instructions for month end reserve transfers between bank accounts for NPF VI and NPF XII.

4-114. On January 2, 2002, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF VI, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$148,048,000.00 by NPF VI, Inc. from NPF XII, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$148,048,000.00 from an NPF VI Purchase Account at JP Morgan Chase Bank to an NPF XII Collection Account at Bank One.

4-115. On or about January 3, 2002, Sherry L. Gibson directed an employee of NCFE, not identified herein, to prepare wire instructions for month end reserve transfers between bank accounts for NPF VI and NPF XII.

4-116. On January 3, 2002, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF XII, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$148,048,000.00 by NPF XII, Inc. from NPF VI, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$148,048,000.00 from an NPF XII Purchase Account at Bank One to an NPF VI Collection Account at JP Morgan Chase Bank.

4-117. On or about February 28, 2002, Conspirator A, acting as President of NPF VI, as President of NCFE, and as President of NPFS, entered into a purchase agreement with Credit Suisse First Boston Corporation and ING Barings Corporation regarding NPF VI, Inc. Healthcare Receivables Securitization Program Notes, Series 2002-1, which purchase agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF VI Series 2002-1 program notes, and that the obligations of Credit Suisse First Boston Corporation and ING Barings Corporation under the agreement were conditioned upon receipt from Moody's of letters rating NPF VI Series 2002-1, Class A Notes as "Aaa" and Class B Notes as "Aa3".

4-118. On or about February 28, 2002, Conspirator A, acting as President of NPF VI and as President of NPFS, entered into a seventh supplemental indenture with JP Morgan Chase Bank, as Trustee, regarding NPF VI, Inc. Class A and Class B Series 2002-1 Healthcare Receivables Securitization Program Notes.

4-119. On or about February 28, 2002, Conspirator A, acting as President of NPF VI, executed NPF VI Health Care Receivables Securitization Program Notes, Class A Series 2002-1, in the principal sum of \$240,000,000, and NPF VI Health Care Receivables Securitization Program Notes, Class B Series 2002-1, in the principal sum of \$10,000,000.

4-120. On March 1, 2002, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF VI, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$145,985,828.99 by NPF VI, Inc. from NPF XII, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$145,985,828.99 from an

NPF VI Purchase Account at JP Morgan Chase Bank to an NPF XII Collection Account at Bank One.

4-121. On March 4, 2002, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF XII, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$128,589,681.01 by NPF XII, Inc. from NPF VI, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$128,589,681.01 from an NPF XII Purchase Account at Bank One to an NPF VI Collection Account at JP Morgan Chase Bank.

4-122. On or about May 29, 2002, Conspirator A, acting as President of NPF XII, as President of NCFE, and as President of NPFS, entered into a purchase and agency agreement with Credit Suisse First Boston Corporation regarding NPF XII, Inc. Healthcare Receivables Securitization Program Notes, Series 2002-1, which purchase and agency agreement provided, in pertinent part, that associated memoranda contained all information material to an investor's decision to purchase NPF XII Series 2002-1 program notes, and that the obligations of Credit Suisse First Boston Corporation under the agreement were conditioned upon receipt from Moody's of letters rating NPF XII Series 2002-1, Class A Notes as "Aaa" and Class B Notes as "Aa3".

4-123. On or about May 31, 2002, Conspirator A, acting as President of NPF XII and as President of NPFS, entered into a twelfth supplemental indenture with Bank One, as Trustee, regarding NPF XII, Inc. Class A and Class B Series 2002-1 Healthcare Receivables Securitization Program Notes.

4-124. On June 3, 2002, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of

Conspirator A a materially false NPF VI, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$50,969,827.00 by NPF VI, Inc. from NPF XII, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$50,969,827.00 from an NPF VI Purchase Account at JP Morgan Chase Bank to an NPF XII Collection Account at Bank One.

4-125. On June 4, 2002, JOHN ALLEN SNOBLE, the defendant, authorized on behalf of Conspirator A a materially false NPF XII, Inc. Receivables Purchase Report, prepared by the NCFE Funding Department, which purported to document a purchase of accounts receivable in the amount of \$42,245,749.00 by NPF XII, Inc. from NPF VI, Inc., and by such deceit JOHN ALLEN SNOBLE, the defendant, fraudulently caused to be transferred by wire \$42,245,749.00 from an NPF XII Purchase Account at Bank One to an NPF VI Collection Account at JP Morgan Chase Bank.

4-126. On or about June 10, 2002, JOHN ALLEN SNOBLE, the defendant, maintained an exceptions report that showed, as of May 2002, NPF VI and NPF XII had more than \$1.131 billion in outstanding funding to sellers of accounts receivable, labeled in the report as "915 Advance", which was not supported by purchased accounts receivable held by either NPF VI or NPF XII.


4-127. On or about July 24, 2002, Conspirator A sent a letter to Chase Manhattan Bank, with copies to Conspirator F and Conspirator G, in which Conspirator A stated, in pertinent part:

Please find attached the consolidated financial statements for National Century Financial Enterprises for the period ending December 31, 2001. These statements are sent to you in accordance with the indenture requirement for each of the respective portfolios for which you are trustee. The financial statements sent to you are in final form and detail, they lack only the auditors' cover letter, which will be coming to you shortly under separate cover. There should be no material changes to the financial statements or footnotes as outlined in the attached.



when in truth and fact, as Conspirator A then well knew, the documents attached to the letter were bogus.

In violation of 18 U.S.C. § 1956(h).

  
GREGORY G. LOCKHART (0007791)  
United States Attorney

I CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE ORIGINAL FILED IN MY OFFICE ON <u>November 10, 2004</u> JAMES BONINI, CLERK BY: <u>James Bonini</u> Deputy Clerk DATE: <u>November 10, 2004</u>	
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